



July 14, 2016

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington DC 20554

Re: Written Ex Parte Communication, MB Docket Nos. 14-50, 09-182, 07-294

Dear Ms. Dortch:

Although the Commission determined more than a decade ago that the print newspaper rule no longer serves the public interest,<sup>1</sup> an FCC fact sheet reports that the broadcast ownership order circulating for vote would make no serious modifications to the rule.<sup>2</sup> In light of this, the National Association of Broadcasters (NAB) is filing for the record the attached information regarding the plight of print newspapers for the Commission's consideration.<sup>3</sup> The attached

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<sup>1</sup> See *Prometheus Radio Project v. FCC*, Nos. 15-3863, 15-3864, 15-3865 & 15-3866, at 38 (3d Cir. May 25, 2016) (*Prometheus III*) ("[T]he 1975 [cross-ownership] ban remains in effect to this day even though the FCC determined more than a decade ago that it is no longer in the public interest. This has come at significant expense to parties that would be able, under some of the less restrictive options being considered by the Commission, to engage in profitable combinations.").

<sup>2</sup> FCC, *Fact Sheet: Updating Media Ownership Rules in the Public Interest* (rel. Jun. 27, 2016).

<sup>3</sup> Since July 6, NAB has filed various articles discussing the challenges faced by print newspapers and the public's increasing reliance on non-print outlets for news and information. See NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 6, 2016) at Attachment, David Glance, "The story of the nosebleed decline of the newspaper industry told in pictures," *The Conversation* (June 5, 2016), available at: <http://theconversation.com/the-story-of-the-nosebleed-decline-of-the-newspaper-industry-told-in-pictures-60530>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 7, 2016) at Attachment, Noah Kulwin, "Jeff Bezos is saving the Washington Post, but he won't be able to save newspapers," *recode* (June 28, 2016) available at: <http://www.recode.net/2016/6/28/12050416/jeff-bezos-saving-washington-post-but-not-newspapers>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 8, 2016) at Attachment, Erik Sass, "Print Ad Declines: Newspaper, Magazine Revs Fall Again," *Publishers Daily, TheDailyBlog*, (June 27, 2016), available at: <http://www.mediapost.com/publications/article/279073/printaddeclinesnewspapermagazinerevsfalla.html?print>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 11, 2016) at Attachment, Athena Cao, "Newspapers' woes linger as digital ad spending, cable network revenues rise," *USA Today*, (June 15, 2016), available at: <http://www.usatoday.com/story/money/2016/06/15/news-media-yahoo-google-twitter-facebook-verizon-tv/85937176/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 12, 2016)

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article discusses the rising ad revenues garnered by such entities as Facebook and Google, as well as digital media's increasing "impact...on the business of journalism" which goes "far beyond the financial side to the very core elements of the news industry itself."<sup>4</sup>

To the extent that Commission's rationale for restricting print newspaper ownership relates to viewpoint diversity or independent "voices," NAB notes that a newspaper that has closed its doors can no longer provide a viewpoint or serve as a "voice." Retaining a rule that deters investment by broadcasters in the struggling print newspaper industry certainly cannot serve the public interest. Rather, the only result that can rationally be expected from the continued prohibition is to hasten the demise of print newspapers.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Rick Kaplan", with a long horizontal line extending to the right.

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Rick Kaplan  
General Counsel and Executive Vice President  
Legal and Regulatory Affairs

Attachment

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at Attachment, Joshua Benton, "Tampa just lost a daily newspaper; is this the continuation of an old trend or the start of a new one?," NiemanLab, (May 4, 2016), available at: <http://www.niemanlab.org/2016/05/tampa-just-lost-a-daily-newspaper-is-this-the-continuation-of-an-old-trend-or-the-start-of-a-new-one/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 13, 2016) at Attachment, Nick Madigan, "An Abrupt End to The Tampa Tribune After a Blow Delivered by Its Rival," The New York Times, (May 20, 2016) available at: <http://nyti.ms/256WgNS>.

<sup>4</sup> Patrick Seitz, "Facebook, Google Cash in on Ads as News Media Firms Struggle," Investor's Business Daily (June 15, 2016) available at: <http://www.investors.com/news/technology/click/facebook-google-cash-in-on-ads-as-news-media-firms-struggle/> (attached hereto).

# INVESTOR'S BUSINESS DAILY

## CLICK

### Facebook, Google Cash In On Ads As News Media Firms Struggle



Journalists who work in traditional newsrooms are an endangered species. (AP)

PATRICK SEITZ | 6/15/2016



**F**ive technology companies raked in 65% of U.S. digital advertising revenue in 2015, with newspapers and other journalism organizations seeing their share decrease.

**Facebook (FB), Alphabet (GOOGL)-owned Google, Yahoo (YHOO), Microsoft (MSFT) and Twitter (TWTR)** accounted for \$38.5 billion out of \$59.6 billion in digital advertising revenue last year, according to the Pew Research Center's "2016 State of the News Media" report, released Wednesday.

In 2014, the top five tech companies took in 61% of digital ad spending, the research firm said.

"There is money being made on the web, but news organizations have not been the primary beneficiaries," the Pew report said.

The big tech companies provide other services, such as search engines and social media, but integrate news into their offerings.

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"Increasingly, the data suggest that the impact these technology companies are having on the business of journalism goes far beyond the financial side to the very core elements of the news industry itself," the report said. For instance, 62% of U.S. adults now get news on social media sites such as Facebook and Twitter.

Digital ads accounted for 33% of the \$183 billion in total advertising spending on any platform last year. In 2014, digital ads accounted for 28% of the \$175 billion in total ad spending, Pew said.

Last year, digital ad spending rose 20%, a faster pace than the two previous years, Pew said.

"This robust digital advertising market has not lifted most news publishers – even digitally native ones – out of a place of financial uncertainty, as competition for those ad dollars and the rise of consumer ad blocking poses challenges to their digital business models," the report said.

Social media and internet firms have become gatekeepers for news online, Pew said.

“In the pre-digital era, journalism organizations largely controlled the news products and services from beginning to end, including original reporting, writing and production, packaging and delivery, audience experience, and editorial selection,” Pew said. “Over time, technology companies like Facebook and **Apple** (AAPL) have become an integral if not dominant player in most of these arenas, supplanting the choices and aims of news outlets with their own choices and goals.”

Meanwhile, overall newsroom employment has been declining. The American Society of News Editors said newsroom jobs fell 10% to 32,900 in 2014, the most recent year for which figures are available. Between 1994 and 2014, the profession has shed over 20,000 jobs, representing a 39% decline, the group said.

Shares of Facebook, Alphabet, Microsoft and Yahoo closed down a fraction on the stock market today. Twitter stock rose 3.9%. Twitter stock has risen this week as analysts have said it could become an acquisition target, after Microsoft announced an agreement to buy **LinkedIn** (LNKD).

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